



HOUSING

AUTHORITY OF THE
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May 15, 2015

David Rowell, Project Planner
Community Development Department
City of Santa Barbara
P. O. Box 1990
Santa Barbara, CA 93102-1990

RE: FUNDING REQUEST FOR CITY SUBSIDY FOR THE DEVELOPMENT OF 3869 STATE STREET AS A 58 UNIT AFFORDABLE RENTAL SENIOR HOUSING COMPLEX – GRACE VILLAGE

Dear David:

As previously discussed, the Housing Authority is seeking City funding for the Grace Village development in order to increase our chances to successfully garner an allocation of tax credits from the California Tax Credit Allocation Committee (CTCAC). The Low Income Housing Tax Credit (LIHTC) program coupled with local affordable housing dollars is essentially the only vehicle available today for the development of affordable rental housing in the U.S. The 9% LIHTC program, to which we intend to apply in July 2015, would provide approximately 60% of the total project cost. The remaining portion needs to be covered through other local public funding sources such as City Community Development funds and Housing Authority funds or donation.

As you will recall from our discussions and your previous communications with Front Porch, Grace Village is designed as 58 affordable housing units (57 one-bedroom apartments and a one-bedroom manager's apartment) and is intended to serve low-income seniors. The project will replace the current structure and function of Grace Lutheran Church at 3869 State Street. If successful in obtaining a reservation of tax credits, construction would begin in late-2015 and be completed and occupied within 14 months of commencement of construction.

The project proforma is currently structured as a \$16 million project overall with tax credits of about \$9.6 million. The proforma also incorporates a land value of \$3 million which we intend a major portion of the land value to be donated. We are requesting \$1 million in support funds from the City of Santa Barbara. We will be seeking other funding sources, such as an AHP grant which may be in the range of \$250,000. While we expect to be competitive in our application, the applicants with higher "local" public subsidies are able to request a lesser amount of tax credits which garner them a higher score in California's very competitive LIHTC awards process.

Mr. David Rowell
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I included a draft proforma, but there are some adjustments to be made. We want to show all of the land as a donation if possible, and we hope to get some costs down and not have deferred developer fees. In short, the proforma is a work in progress at this time. The land was transferred to the Housing Authority earlier this year and agreements with Grace Lutheran Church, Front Porch and Cal Lutheran Homes are virtually complete.

We thank you in advance for your consideration of this request and would greatly appreciate your response. Please contact me if you have any questions about this request or require additional information.

Sincerely,

HOUSING AUTHORITY OF THE
CITY OF SANTA BARBARA



SKIP SZYMANSKI
Deputy Executive Director / CEO

cc: Housing Authority Commission
R. Pearson
R. Fredericks
B. Peirson
D. Aazam